

WASHTENAW AREA TRANSPORTATION STUDY

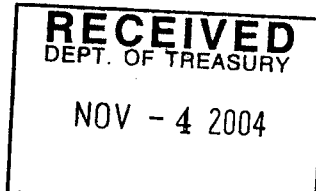
**Annual Financial Statements
and
Auditors' Report**

June 30, 2004 and 2003

Michigan Department of Treasury
496 (2-04)

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.



Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Washtenaw Area Transportation Study		LOCAL AUDIT & FINANCE DIV. Washtenaw
Audit Date 6/30/04	Opinion Date 8/4/04	Date Accountant Report Submitted to State: 10/25/04		

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Wakechild & Stanek, CPA's, P.C.			
Street Address 2209 Euler Road, Ste 3		City Brighton	State MI
Accountant Signature <i>Albert W. Stanek Jr. CPA</i>		ZIP 48114	Date 10/25/04

WASHTENAW AREA TRANSPORTATION STUDY COMMITTEE

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Independent Auditors' Report

To the Board of Directors of
Washtenaw Area Transportation Study

We have audited the accompanying statement of condition of Washtenaw Area Transportation Study ("the Committee") as of June 30, 2004 and 2003 and the related statements of revenues, expenditures and changes in fund balance and of cash flows for the years then ended. These financial statements are the responsibility of the Committee's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Committee as of June 30, 2004 and 2003, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purposes of forming an opinion on the financial statements taken as a whole. The supplemental schedules at June 30, 2004 and 2003 and for the years then ended are presented for the purposes of additional analysis and are not a required part of the financial statements. Such supplemental schedules have been subjected to our audit procedures.

Wakechild + Stanek, CPAs, P.C.

Brighton, Michigan
August 4, 2004

WASHTENAW AREA TRANSPORTATION STUDY

Statement of Condition

June 30, 2004 and 2003

<u>Assets</u>		
	<u>2004</u>	<u>2003</u>
Current assets:		
Cash and cash equivalents	\$ 18,381	\$ 78,877
Short term investments	135,026	133,112
Grants receivable	166,187	73,893
Prepaid Expenses	<u>4,289</u>	<u>2,339</u>
Total Current Assets	<u>323,883</u>	<u>288,221</u>
Property and equipment:		
Equipment	118,956	96,570
Accumulated depreciation	<u>(76,829)</u>	<u>(62,325)</u>
	<u>42,127</u>	<u>34,245</u>
Total Assets	<u><u>\$ 366,010</u></u>	<u><u>\$ 322,466</u></u>
<u>Liabilities and Fund Balance</u>		
Current liabilities:		
Accounts payable	\$ 9,569	\$ 5,475
Accrued sick and vacation pay	27,841	23,914
Deferred revenue	<u>328,600</u>	<u>293,077</u>
Total Current Liabilities	366,010	322,466
Fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u><u>\$ 366,010</u></u>	<u><u>\$ 322,466</u></u>

The accompanying notes are an integral part of the financial statements.

WASHTENAW AREA TRANSPORTATION STUDY
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Revenues:		
Federal Highway Administrative Grant	\$ 247,046	\$ 227,428
Federal Transit Administrative Grant	12,817	12,817
Membership dues and local funding	47,477	56,045
STP Urban	20,080	-
Interest income	2,687	2,897
Miscellaneous	<u>14,515</u>	<u>12,997</u>
	<u>\$ 344,622</u>	<u>\$ 312,184</u>
Operating expenses:		
Plan monitoring	45,672	44,530
Plan development	94,167	48,137
Planning services	43,955	46,084
Plan implementation	40,025	43,890
Administrative staff	36,440	29,269
Special study expense	103	12,402
Rent	34,923	34,923
Depreciation	14,503	10,723
Printing	4,040	1,401
Supplies	3,564	5,870
Telephone	2,220	2,628
Travel	3,299	4,288
Postage	1,485	1,324
Insurance	15,400	13,967
Equipment	1,246	2,201
Training	3,580	4,647
Audit	<u>-</u>	<u>5,900</u>
Total operating expenses	<u>344,622</u>	<u>312,184</u>
Revenue over(under) expense	-	-
Fund balance:		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements.

WASHTENAW AREA TRANSPORTATION STUDY**Statement of Cash Flows**

For the Years Ended June 30, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Revenues over (under) expenses	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	14,504	10,723
(Increase) decrease in operating assets:		
Grants receivable	(92,294)	34,844
Prepaid expenses	(1,950)	4,181
Increase (decrease) in operating liabilities		
Accounts payable	4,094	(51,201)
Accrued sick and vacation pay	3,927	3,774
Deferred revenue	35,523	27,955
Net cash provided by operating activities	(36,196)	30,276
Cash flows from investing activities:		
Purchase of certificate of deposit	(1,914)	(1,669)
Purchase of fixed assets	(22,386)	(22,373)
Net cash used by investing activities	(24,300)	(24,042)
Net increase (decrease) in cash	(60,496)	6,234
Cash, beginning	78,877	72,643
Cash, ending	<u>\$ 18,381</u>	<u>\$ 78,877</u>

The accompanying notes are integral part of the financial statements.

Washtenaw Area Transportation Study
Notes to Financial Statements
June 30, 2004 and 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Washtenaw Area Transportation Study ("the Committee") is an Intermunicipality Committee organized under Act 200 of the Michigan Public Acts of 1957.

The Committee has been established in response to the requirements of the Federal Highway Act of 1962 to coordinate transportation planning among state and local communities.

Voting members of the Committee and the percent of membership dues contributed by each are as follows:

Ann Arbor Transportation Authority	15.7%
City of Ann Arbor	10.9%
City of Chelsea	1.2%
City of Saline	1.2%
City of Ypsilanti	2.1%
Village of Dexter	1.2%
Michigan Department of Transportation	0.0%
Township of Ann Arbor	1.2%
Township of Northfield	1.2%
Township of Pittsfield	2.8%
Township of Scio	1.2%
Township of Superior	1.2%
Township of Ypsilanti	4.7%
University of Michigan	15.6%
Washtenaw County Board of Commissioners	24.1%
Washtenaw County Road Commission	15.7%

Ex-officio members of the Committee include the Southeast Michigan Council of Governments and the Federal Highway Administration.

Basis of accounting

The accounts are maintained and the financial statements are reported on the accrual basis of accounting.

Under the accrued basis of accounting, revenues are recorded when they are susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period.

Revenue recognition

The Committee provides transportation planning services funded by the Federal Highway Administration ("FHWA") under Section 112 and the Federal Transit Administration ("FTA"). The Committee is required to provide a matching share of grant sponsored activities. Membership dues paid by participating municipal units provide matching funds.

Washtenaw Area Transportation Study
Notes to Financial Statements
June 30, 2004 and 2003

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Revenue recognition - continued

Revenue from grants and special studies are earned when the related expenditures are incurred.

Cash

For purpose of the statement of cash flows, cash includes cash maintained in a bank.

Equipment

The Committee capitalizes expenditures for equipment. Costs of maintenance and repairs are charged to expense when incurred. Equipment is carried at cost. Adjustments of equipment and related accumulated depreciation accounts are made for retirements and disposals.

Depreciation

Depreciation of equipment is computed using the straight-line method over a useful life of three years.

Deferred revenue

Deferred revenue represents membership dues in excess of amounts currently required as local match under federal grants. Historically, members have contributed dues in excess of the amount required to match federal funds to provide working capital to the Committee. Such amounts will be recognized as revenue in future years to meet local match requirements.

Bad debt expense and allowance for doubtful accounts

Bad debt expense represents uncollectible revenue billed in prior years. The committee has determined that all receivables are collectible. Accordingly, no allowance for bad debts has been recorded at June 30, 2004 and 2003.

Fair value of financial instruments

The carrying amounts reported in the balance sheets for cash, receivables, prepaid expenses and liabilities approximate fair value due to the short-term nature of the instruments.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Washtenaw Area Transportation Study
Notes to Financial Statements
June 30, 2004 and 2003

NOTE 2 – GRANT REVENUE BILLED:

Grant revenue provided by various programs requires a matching percentage from the local members of the Committee. The applicable local match percentages are as follows:

FHWA	18.15%
FTA	20.00%
STP	20.00%

A reconciliation of revenue to amounts billed to the FHWA, FTA and the STP at June 30, 2004 and 2003 is as follows:

	<u>FHWA</u>	<u>FHWA</u>	<u>STP</u>
Year ended June 30, 2004			
Eligible expenditures	\$ 301,828	\$ 16,021	\$ 25,100
Federal percentage	<u>81.85%</u>	<u>80.00%</u>	<u>80.00%</u>
Total revenue earned	247,046	12,817	20,080
Revenue billed	<u>254,384</u>	<u>12,817</u>	<u>20,080</u>
Total under(over) billed revenue	<u><u>(7,338)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Year ended June 30, 2003			
Eligible expenditures	\$ 277,860	\$ 16,021	
Federal percentage	<u>81.85%</u>	<u>80.00%</u>	
Total revenue earned	227,428	12,817	
Revenue billed	<u>225,927</u>	<u>12,817</u>	
Total under(over) billed revenue	<u><u>\$ 1,501</u></u>	<u><u>\$ -</u></u>	

Washtenaw Area Transportation Study

Notes to Financial Statements

June 30, 2004 and 2003

NOTE 3 – OPERATING LEASE:

The Committee leases its facilities under an operating lease agreement which requires monthly payments of \$2,910 through December of 2017. Total rental expense for the years ended June 30, 2004 and 2003 was \$34,923 for both years.

Minimum future lease payments under non cancelable operating leases having remaining terms in excess of one year for each of the next five years and in aggregate are :

Year ended June 30,	
2005	\$ 34,923
2006	34,923
2007	34,923
2008	34,923
2009	34,923
Subsequent	<u>259,012</u>
	<u>\$ 433,627</u>

NOTE 4 – PENSION:

The Committee sponsors a Simplified Employee Pension (SEP) Program and contributes an amount equal to ... percent of each full-time employee's salary to an SEP program selected by the employee. Pension expense for the years ended June 30, 2004 and 2003 was \$24,125 and \$17,617, respectively.

NOTE 5 – DUES AND LOCAL FUNDING:

A portion of the dues was used as a match for federal funding. The remaining amount was deferred and will be recognized as revenue in future years to meet local match requirements.

A reconciliation of the membership dues received at June 30, 2004 and 2003 is as follows:

	<u>2004</u>	<u>2003</u>
Membership dues	\$ 83,000	\$ 84,000
Deferred revenue	<u>15,443</u>	<u>27,955</u>
Membership dues funding	<u>\$ 67,557</u>	<u>\$ 56,045</u>

NOTE 6 – CONCENTRATION OF CREDIT RISK:

The Committee has several cash accounts in various financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The amount in excess of the FDIC uninsured amounts was \$35,026 at June 30, 2004.

WASHTENAW AREA TRANSPORTATION STUDY
Statement of Revenues and Expenditures-Budget versus Actual
For the Year Ended June 30, 2004

	2004 Budget	2004 Actual	Favorable (Unfavorable) Variance
Revenues:			
Federal Highway Administrative Grant	\$ 296,937	\$ 247,046	(49,891)
Federal Transit Administrative Grant	12,815	12,817	2
Membership dues and local funding	84,000	47,477	(36,523)
STP Urban	35,000	20,080	(14,920)
State	15,000	-	(15,000)
Interest income	3,000	2,687	(313)
Miscellaneous	-	14,515	14,515
	<u>\$ 446,752</u>	<u>\$ 344,622</u>	<u>(102,130)</u>
Operating expenses:			
Plan monitoring	65,952	45,672	20,280
Plan development	98,928	94,167	4,761
Planning services	62,288	43,955	18,333
Plan implementation	80,608	40,025	40,583
Administrative staff	38,976	36,440	2,536
Special study expense	-	103	(103)
Rent	34,923	34,923	-
Depreciation	-	14,503	(14,503)
Printing	3,000	4,040	(1,040)
Supplies	4,000	3,564	436
Telephone	3,000	2,220	780
Travel	5,077	3,299	1,778
Postage	2,000	1,485	515
Insurance	21,000	15,400	5,600
Equipment	14,500	1,246	13,254
Training	5,500	3,580	1,920
Audit	7,000	-	7,000
Total operating expenses	<u>446,752</u>	<u>344,622</u>	<u>102,130</u>
Revenue over(under) expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

WASHTENAW AREA TRANSPORTATION STUDY
Statement of Revenues and Expenditures-Budget versus Actual
For the Year Ended June 30, 2003

	2003 Budget	2003 Actual	Favorable (Unfavorable) Variance
Revenues:			
Federal Highway Administrative Grant	\$ 293,763	\$ 227,428	(66,335)
Federal Transit Administrative Grant	12,815	12,817	2
Membership dues and local funding	70,000	56,045	(13,955)
Interest income	3,947	2,897	(1,050)
Miscellaneous	-	12,997	12,997
	<u>\$ 380,525</u>	<u>\$ 312,184</u>	<u>(68,341)</u>
Operating expenses:			
Plan monitoring	40,500	44,530	(4,030)
Plan development	75,000	48,137	26,863
Planning services	60,000	46,084	13,916
Plan implementation	79,500	43,890	35,610
Administrative staff	36,000	29,269	6,731
Special study expense	-	12,402	(12,402)
Rent	34,923	34,923	-
Depreciation	-	10,723	(10,723)
Printing	1,000	1,401	(401)
Supplies	4,000	5,870	(1,870)
Telephone	2,500	2,628	(128)
Travel	4,500	4,288	212
Postage	2,500	1,324	1,176
Insurance	15,000	13,967	1,033
Equipment	14,500	2,201	12,299
Training	5,000	4,647	353
Audit	10,000	5,900	4,100
Utilities	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>384,923</u>	<u>312,184</u>	<u>72,739</u>
Revenue over(under) expense	<u>\$ (4,398)</u>	<u>\$ -</u>	<u>\$ (4,398)</u>

The accompanying notes are an integral part of the financial statements.